

Opening Statement
Chairman Michael G. Oxley
House Committee on Financial Services
Subcommittee on Housing and Community Opportunity

“The FY 2004 Housing Budget Proposal”

Wednesday, March 5, 2003

Today the Committee welcomes back HUD Secretary Mel Martinez. I'd like to note that this is the Secretary's third time before this Committee to speak on the Administration's budget proposals. He's also been before the Committee on other housing topics, such as reform of the Real Estate Settlement Procedures Act.

We appreciate all the work that you do and we truly understand that in these difficult times you have exhibited the type of leadership necessary to move the Department of Housing and Urban Development and federal housing policy in the right direction. For that we are grateful.

Today Secretary Martinez will explain the Administration's FY 2004 budget proposal. There are several bold initiatives that will command the attention of this Committee. It's always been my policy that we should have a thorough understanding of the issues and then let the Committee work its will to foster a housing policy that is comprehensive, that maximizes the taxpayers' investment in housing and economic development and that makes common sense.

Around the country, national and local newspapers are running articles about housing. In some cases, it's about the public, private and non-profit partnerships that make housing affordable. In other cases, it's about expensive urban centers that no longer have affordable housing for those working families making minimum wage salaries. Or it's about rural areas where economies of scale do not allow for the building of affordable housing. As always, we can do better.

Today's witnesses, including Secretary Martinez, will address different perspectives of our federal housing policy.

The Administration's housing budget proposes to, among other things:

- convert Section 8 tenant-based housing vouchers to state-managed block grants with a transition period in FY 2004 and full implementation in 2005;
- provide a new FHA product for subprime borrowers, which will assist many homeowners who have been locked out of traditional mortgage finance markets;
- provide an additional \$200 million for the American Dream Downpayment Initiative, which will assist low-income families whose only barrier to homeownership may be difficulty in saving for a downpayment; and
- enhance single family direct loan programs in the Rural Housing Service to provide more homeownership opportunities for very low-income families in rural areas.

The proposed budget also plans to eliminate some programs that I know are important to Members of this Committee. This will be an opportunity for the Secretary to explain those changes as well as how the Administration intends to continue addressing the issues through different programs.

Because the Housing Subcommittee also has jurisdiction over the National Flood Insurance Program, which plays a key role in homeownership, the Administrator of the flood program will address its budget proposal as well.

Let me say welcome to Secretary Martinez, the Rural Housing Administrator Art Garcia, Federal Insurance Administrator Anthony Lowe, and the Executive Director of the Neighborhood Reinvestment Corporation Ellen Lazar. All of you represent agencies that have made a worthwhile contribution to housing policy and your comments today will be most helpful in assisting this Committee in its work.

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